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SUBCOMMITTEE ON LIVESTOCK, DAIRY AND POULTRY

SUBCOMMITTEE ON
CONSERVATION, CREDIT, ENERGY AND RESEARCH

Congress of the United States
House of Representatives
Washington, DC 20515-0518

April 10, 2009

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Honorable Hillary Rodham Clinton
Secretary of State
U.S. Department of State
2201 C Street NW
Washington, DC 20520

Dear Madame Secretary:

As you are no doubt aware, the nation's dairy farmers are trying to cope with a now several months long period of devastatingly low farm milk prices. Dairy producers have always appreciated the relationship they have had with you, and particularly have appreciated your understanding of and commitment to dairy issues. We are asking you to assist us now to help blunt the impact that this crisis has had on dairy producers and the economy. One of the tools the federal government can use to provide stability for our dairy farmers has, sadly, been left unused for more than five years now. The Dairy Export Incentive Program (DEIP), authorized and funded by the Congress since 1985, is a fully WTO-compliant way for U.S. dairy farmers to build export markets. We are writing to respectfully request that you give your approval for full and immediate implementation of DEIP.

The dairy farm families we represent have seen their milk price drop by nearly half since just last summer. They are struggling, as are the dairy farm families you became familiar with during your time as a Senator from New York. As you know, farm families provide the economic backbone of rural communities and when disaster strikes, as it has with these low milk prices, it is time for the federal government to step in to provide some stability.

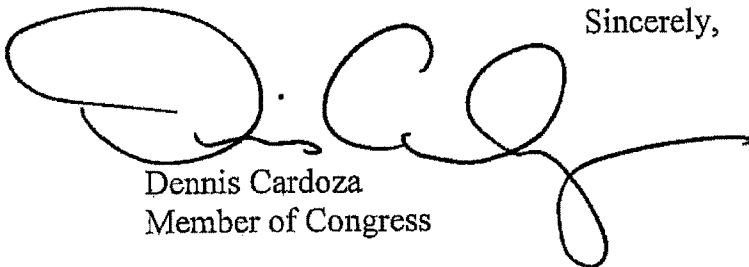
Particularly disappointing to the dairy farmers we represent is the fact that as soon as prices began to drop last fall, the EU reinstated its export bonus program. Yet, our government leaves the DEIP unused. U.S. dairy farmers rely on the federal government to go to take action in situations like this in order to level the international playing field on trade. The DEIP helps do just that.

The DEIP helps U.S. dairy farmers develop export markets. Dairy farmers expanded the herd by enough cows to supply growing export markets during the global financial boom and weather-related supply challenges of some of our competitors. Reversals on both fronts, neither of which farmers can control, have led to as much as a 40% drop in U.S. dairy exports in just the past few months. The DEIP can play a critical role in maintaining relationships with international customers that were developed during better times.

The DEIP is also a bargain for U.S. taxpayers. The Commodity Credit Corporation (CCC) can purchase nonfat milk powder for \$0.80/lb or the US Department of Agriculture can issue a DEIP bonus for \$0.10/lb to help export the product. The CCC can pay \$1.05/lb for butter or issue a DEIP bonus for \$0.25/lb to help export the product. The right choice would seem clear.

However, an opportunity is about to be lost. The DEIP fiscal year runs from July 1st through June 30th. Unused funds do not roll over. Use of current DEIP funds along with use of new funding available soon after July 1st, could have a real impact on improving the financial outlook for those dairy farm families that we care so deeply about. USDA Secretary Tom Vilsack has expressed his commitment to implement DEIP, and we are now respectfully requesting that you work with Secretary Vilsack to provide your approval to immediate and full implementation of this crucial tool.

Thank you for considering our concerns about the hardships being endured by dairy farm families and our request for your approval of immediate and full implementation of the DEIP. We look forward to working with you and the rest of your team at the State Department to address our nation's priorities for the future.


Dennis Cardoza
Member of Congress

Sincerely,


Jim Costa
Member of Congress